

## 5. SOCIOECONOMIC IMPACTS

### 5.1 Introduction

Cultural resources, as one aspect of the human environment, are considered in the previous chapter. Another aspect of the human environment is socioeconomic impact. DOE real property transfers may not be considered in isolation from termination of DOE operations and the socioeconomic consequences of that termination. The socioeconomic consequences can be dire on a personal level. For workers, it means the loss of jobs and possible retraining or relocation. Also affected are Native Americans who may have been using DOE lands for subsistence fishing, hunting, or gathering and may be forced into other ways of survival if such lands are no longer available. Socioeconomic impacts also include effects on local economies that may depend in whole or in part on DOE site activities and workers.

Before transfer of DOE real property may take place, an analysis and mitigation of socioeconomic impacts, as well as a cost-benefit analysis of the proposed real property transfer, may be required. Two DOE Orders and the National Defense Authorization Act of 1993 mandate various measures designed to cushion the impact on DOE and DOE-contractor employees of reconfiguring DOE's nuclear weapons facilities in the aftermath of the Cold War. Any mitigation measures proposed to reduce adverse socioeconomic impacts should be included in a NEPA document prepared for the proposed real property transfer.

### 5.2 Drivers for the Requirement

The requirements for covering socioeconomic impacts are contained in DOE Orders 4300.1C, "Real Property Management," and 4330.5, "Surplus Facility Transfer;" (both to be subsumed by DOE Order 430.1 in accordance with the schedule in §2 of DOE Order 430.1); Executive Order 12898, "Environmental Justice in Minority Populations and Low-Income Populations;" and Public Law 102-484, The National Defense Authorization Act of 1993.

### 5.3 Requirements in Real Property Transfers

Although DOE Order 4300.1C (to be subsumed by DOE Order 430.1 in accordance with the schedule in §2 of DOE Order 430.1) mandates that DOE sites address the following items in a real property transfer, the consideration of these items may be required by a NEPA review:

- Number of personnel affected;
- Detailed estimate of one-time closing and other costs and of recurring annual savings, including a breakdown of operational and maintenance cost savings; and
- Disposition of, and impact upon, tenants of the installation.

DOE Order 4330.5 (to be subsumed by DOE Order 430.1 in accordance with the schedule in §2 of DOE Order 430.1) requires a Human Resources Plan that covers the following:

- Federal and contractor personnel impacts;
- The need to retain critical skills; and
- Funding necessary to meet socioeconomic challenges.

In addition, DOE and DOE-contractor personnel associated with the facilities to be transferred must be identified.

Executive Order 12898, "Environmental Justice," mandates that Federal agencies ensure that the impacts of their actions do not adversely affect minority and low-income populations any more than they adversely affect the majority population. DOE has a strategy for implementing Executive Order 12898 (see DOE, 1995).

Section 3161 of the National Defense Authorization Act of 1993 (Section 3161 is called the Department of Energy Defense Nuclear Facilities Work Force

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Restructuring Plan) requires various measures designed to minimize the social and economic impacts associated with reconfiguration of the DOE nuclear weapons complex, a category that includes most real property likely to be declared excess and transferred from DOE control. Specifically, Section 3161 mandates that DOE shall execute the following actions when it closes a nuclear weapons facility:

- Notify all affected DOE and DOE-contractor employees no less than 120 days prior to carrying out work force changes;
- Implement work force changes that maximize the use of retraining, early retirement, attrition, and other options that minimize layoffs;
- Assign hiring preferences to terminated employees;
- Retrain affected DOE and DOE-contractor employees, to the extent practicable, in environmental restoration and waste management at DOE facilities;
- Assist transferred employees in relocation;
- Offer assistance to terminated employees in the form of retraining, education, and in employment placement; and
- Provide local-impact assistance to communities affected by restructuring.

### 5.4 Implementation of Requirements

In general, DOE must take three actions to comply with all of the preceding mandates or considerations:

- (1) Address socioeconomic impacts in such a way so as to affirm the principle of environmental justice;
- (2) Mitigate socioeconomic impacts on DOE and DOE-contractor personnel; and

- (3) Perform a cost-benefit analysis of the proposed real property transfer.

These requirements are described in detail below. Some of the information needed to meet these requirements may already exist in the site's *Technical Site Information* or NEPA documents.

#### 5.4.1 Environmental Justice

DOE must consider, as a matter of environmental justice, the impacts of a real property transfer on minority and low-income populations. Native Americans are considered a minority and low-income population.

A number of Native Americans rely on traditional subsistence use areas for their livelihoods. In other words, these Native Americans depend on fishing, hunting, and gathering on certain DOE (or other Federal) lands for their survival. The socioeconomic dependence of Native American livelihoods on these traditional subsistence use areas is as crucial as the dependence of DOE and DOE-contractor personnel livelihoods on jobs at DOE sites. Applying the principle of environmental justice requires that DOE be just as concerned about the impacts of closure and real property transfer on Native American traditional subsistence use areas as it is about the impacts on the rest of the population. Moreover, DOE Order 1230.2 requires DOE to consult with affected tribes concerning these impacts.

Native American traditional subsistence use areas should be considered environmentally-sensitive resources, not just because of Executive Order 12898, but also because of the trust relationship (see Cohen, 1982) that the Federal government holds with Native Americans.

Unless there is a compelling governmental interest in not doing so, DOE should lease or dispose of excess property in a manner that protects established Native American patterns of subsistence-oriented hunting and fishing. For example, whenever possible, exclude Native American traditional subsistence use areas from any real property transfer (except when the transfer is to a tribe).

**5.4.2 Mitigation of Socioeconomic Impacts**

There are three actions that are required to mitigate socioeconomic impacts:

- (1) Preparation of a Human Resources Plan,
- (2) Allocation of funding to address these impacts, and
- (3) Implementation of the Human Resources Plan.

First, prepare a Human Resources Plan that identifies DOE or DOE-contractor employees that would be affected by the real property transfer. In addition, address DOE's need to retain personnel with critical skills. Identify any critical skills among the affected employees and propose appropriate measures to retain those individuals in the DOE or DOE-contractor work force. Estimate the level of DOE resources necessary to retain those personnel and to mitigate the potentially adverse impacts of job transfers and reassignments, layoffs, and early retirements. Estimate funding needed for retraining, early retirement, relocation assistance, and employment placement, as well as for assistance to local communities that might be affected by the job disruptions.

Second, allocate adequate funding to address the socioeconomic impacts of layoffs and job transfers or reassignments. Be sure that the funding estimates and associated justifications are contained in the Human Resources Plan.

Third, implement the Human Resources Plan. Allow 120 days to notify all DOE or DOE-contractor employees who will be affected by layoffs or job transfers/reassignments (for nuclear weapons facilities only). Incorporate work force (at nuclear weapons facilities only) changes that maximize the use of retraining, early retirement, attrition, and other options that minimize layoffs. For those employees that are terminated (at nuclear weapons facilities only), make available retraining, education, and employment placement services and ensure hiring preferences for other DOE jobs. With regard to workers (from nuclear weapons facilities only), this effort should (to the extent practicable)

emphasize retraining in environmental restoration and waste management at DOE facilities.

**5.4.3 Cost-Benefit Analysis**

After preparing a Human Resources Plan and estimating the costs associated with mitigating socioeconomic impacts, conduct a cost-benefit analysis for closing the property. In this analysis, compare the total one-time cost for closing the facility and preparing the real property transfer with the annual savings over a 20-year period that would be derived from the fact that DOE would no longer control the property.

With regard to the total one-time closing **cost**, incorporate the estimates of funding necessary to mitigate socioeconomic impacts contained in the Human Resources Plan (see Section 5.4.2 above). Include retraining and education, as well as employment placement services. Also include the cost of moving any personnel that might have to be transferred (e.g., relocation assistance, travel reimbursement, freight costs, assistance with home sales and purchases, etc.) The cost side of the cost-benefit calculation also should include unemployment compensation costs associated with any layoffs and the cost of construction or demolition activities necessary to transfer the property. Finally, calculate one-time costs (including specific items identified above) incurred by Federal government agencies (other than DOE) that are tenants on the property to be transferred (see text box on the following page).

On the **benefits** side, the analysis should estimate, over a 20-year time frame, the annual savings that would be derived from DOE relinquishing responsibility for the property. Include among these benefits overhead costs associated with real property maintenance, facility support, construction, environmental remediation or pollution prevention, and administration/planning. In addition, include the funding that would potentially be derived from sale or lease of the property in the benefits calculation. Finally, to facilitate comparison with the total one-time closing cost, calculate the estimated benefits over a 20-year period as a net present value (NPV) using a discount rate based on the U.S. Department of Treasury's borrowing rate.

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### 5.5 Notice of Intention to Relinquish

Native American traditional subsistence use areas on withdrawn land should be identified and reported as one of the 13 items (see § 1.6.2) in the Notice of Intention to Relinquish to be sent to the BLM.

### 5.6 Relationship to Environmental Baseline Survey

The results of the cost-benefit analysis and assessment of socioeconomic impacts may be included (but is not required) in any environmental baseline survey (see Chapter 12).

### 5.7 Relationship to NEPA Documents

Socioeconomic impacts, including impacts on the local community, must be addressed in a NEPA document prepared for a real property transfer (see Chapter 13). The impacts should be addressed in proportion to their significance. With respect to both EAs and EISs, 40 CFR 1508.8 mandates consideration of various "effects" that may include "effects related to induced changes in the pattern of land use, population density...." Relevant factors also include "social" or "economic" effects, whether direct, indirect, or induced. Summarize or reference the cost-benefit analysis (§ 5.4.3) in the EA or EIS. In addition, the EA or EIS should discuss the relationship between the quantified factors in cost-benefit analysis and unquantified environmental impacts, values, and amenities.

Native American traditional subsistence use areas should be identified and reported in any EA or EIS under the topic of socioeconomic, environmental justice, or Native American issues.

### 5.8 Checklist

- ☐ Has the real property been used by Native Americans for subsistence consumption of fish or wildlife? If so, have the parcels identified as Native traditional subsistence use areas been set aside for continuation of such use and excluded from any real property transfer?
- ☐ Has a Human Resources Plan been prepared as described in § 5.4.2?
- ☐ Has a cost-benefit analysis been conducted that compares the total one-time closing cost with recurring, annual savings over a 20-year time frame?

### 5.9 References

- Cohen, F., 1982. *Cohen's Handbook of Federal Indian Law*, The Michie Company, Charlottesville, VA, p. 225.
- DOD, 1992. "Users Manual for the Cost of Base Realignment Actions (COBRA) Model," U.S. Department of Defense.
- DOE, 1995. "U.S. Department of Energy Environmental Justice Strategy," U.S. Department of Energy, Office of Economic Impact and Diversity, April 1995.

#### Considering the Effect of Closure on a Tenant: Example of DOE as a Tenant

In 1995, the U.S. Air Force recommended the realignment of Kirtland Air Force Base (AFB), New Mexico. However, the General Accounting Office's (GAO) analysis did not support the Air Force's recommendation (GAO, 1995). GAO contended that certain substantial costs to operate existing facilities would be transferred to DOE, which has been a principal tenant at Kirtland.

While Kirtland's realignment would reduce the Air Force's operational overhead (including support which has been provided to DOE and its Sandia National Laboratory located on Kirtland), DOE's operational support cost would increase. DOE estimated that its operational support cost would exceed \$30 million per year in addition to the one-time cost of over \$60 million. Thus, while the Air Force might reap some savings, the Federal government would be unlikely to realize any substantial net savings.

It is important to consider the impact of a closure on tenants on Federal government property because closure may not result in substantial total net savings to the Federal government although substantial savings could result for the agency effecting the closure.

GAO, 1995. *Military Bases: Analysis of DoD's 1995 Process and Recommendations for Closure and Realignment*, GAO/NSTAD 95-133, U.S. General Accounting Office, Washington, D.C. April 14, 1995, pp. 44.

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